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SUBJECT: KALLA WINS CHAIR OF GOLKAR, EMERGES AS POWERFUL POLITICAL FORCE

REF: A. JAKARTA 12317 (UPCOMING GOLKAR CONGRESS)

1B. JAKARTA 11289 (MOVEMENT ON DEADLOCK)

1C. JAKARTA 5280 (ISLAMISTS AROUND SBY)

Classified By: Political Officer David R. Greenberg, reason: 1.4 (b) and (d).

SUMMARY

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11. (C) Vice President Jusuf Kalla won the chairmanship of Golkar, Indonesia's largest political party, during a December 16-19 Party Congress, which we observed first-hand. Kalla's team paid enormous bribes to secure votes from party branches, but Golkar's draw toward executive branch power represented another important factor. Kalla has dramatically increased his degree of influence in political life, and many politicians expect him to try to upstage President Yudhoyono and pave the way for his own presidential bid in 2009. Many around Yudhoyono are nervous about Kalla's ascendancy. Yudhoyono should reap an immediate dividend, however: the relegation of the formal opposition "National Coalition" to minority status in the parliament. Kalla's rise in Golkar will severely diminish the influence of former President Megawati, who had joined with Golkar in the National Coalition. Kalla's victory also leaves retired General Wiranto with no apparent vehicle for his presidential ambitions. Although former Chairman Akbar Tandjung's corrupt reputation will no longer burden the party, Golkar's new Central Board includes disreputable businessmen and retired General Prabowo Subianto, credibly implicated in Suharto-era human rights violations. End Summary.

AKBAR LOYALISTS WARN US ABOUT KALLA

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12. (C) In the days leading up to the Congress, our contacts described increased momentum behind Jusuf Kalla's bid for the Golkar chairmanship (ref A). Kalla cemented his position as incumbent Chairman Akbar Tandjung's lead rival late on December 15, when he held a joint press conference with House of Representatives (DPR) Chairman Agung Laksono and media mogul Surya Paloh -- two figures who had publicly declared their interest in the Golkar chairmanship. At the press conference, Agung and Surya Paloh demonstrated their support for Kalla's candidacy. Kalla announced that he had the support of 28 of Golkar's 33 provincial branches. (Note: Since Golkar's provincial branches controlled 33 of the 36 votes under the original rules of procedure, this claim indicated Kalla was on track to replace Akbar. Our contacts told us Kalla's claim was exaggerated, but that Akbar had solid support from only six or seven provincial branches. End Note.)

13. (C) Prior to the Golkar Congress opening ceremonies, Golkar Deputy Secretary General Bomer Pasaribu -- one of Akbar's closest allies -- warned us about Kalla's candidacy. Bomer expressed a common concern that Kalla was too close to

radical Islamists (ref C). He also warned that Kalla's control over Golkar would provide the Vice President with too much power, placing him on a par with President Yudhoyono. (Comment: We recognize irony in a Golkar official telling us that the Golkar Chairman should not be too powerful. Bomer's warning was clearly based on his and Akbar's sense of self-interest. End Comment.)

**¶14. (C)** Contacts told us that retired military figures in Golkar had privately expressed concern about Kalla, reflecting a wariness of Islamist sentiment that appears common among older generation Indonesian soldiers. Akbar himself reportedly privately referred to Kalla as a "Taleban." Subtle differences between the Congress' opening ceremony and elements of other Golkar functions we have attended indicated Akbar Tandjung's desire to remind Golkar delegates of the party's secular orientation. The woman who led participants in the Golkar pledge of allegiance shunned the Muslim headscarf she normally wears. Figures representing all five Indonesia's official religions stood together during the opening prayer -- previously, only the Muslim leading the prayer took to the stage. Former President Megawati Soekarnoputri -- one of Indonesia's leading symbols of nationalist sentiment -- attended the opening ceremony.

#### AKBAR'S APPEAL

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**¶15. (U)** In his opening speech, as well as in subsequent remarks from the podium, Akbar Tandjung reminded delegates that he had led Golkar through a difficult adjustment period. He cited the party's reorientation in accordance with the reform movement that energized Indonesia in the late 1990's. He recalled fighting for Golkar when President Wahid called for the party's dissolution, and when party offices were burned in acts of political violence. He highlighted Golkar's regaining a plurality in the DPR during the 2004 elections, and its disproportionate share of DPR commission chairmanships. The recent elections had given Golkar much influence, even though the party did not occupy strategic positions in the executive branch, Akbar noted, delivering a subtle jab at Vice President Kalla, who did not receive official party support for his election campaign.

#### USING THE RULES TO AKBAR'S ADVANTAGE

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**¶16. (C)** During December 16 debate over the Congress' rules of procedure, Akbar Tandjung and his allies on the Congress Steering Committee pushed through a critical change, expanding voting rights for the mass organizations associated with Golkar and offering voting rights to the party's 440 district-level branches. The total number of votes in play therefore rose from 36 to 484, with one vote each for the Central Board, 33 provincial branches, 440 district branches, and 10 mass organizations. This move proved widely popular, as the newly empowered delegates knew that candidates for the chairmanship would offer handsome financial incentives. While the revision boosted Akbar's popularity, his team members acknowledged he was forced to change the dynamic, because he lacked sufficient support among the provincial branches.

**¶17. (C)** Several contacts on Akbar's side told us that Kalla lacked the Golkar experience required to fulfill the eligibility criteria required by draft rules of procedure. Steering Committee members (disproportionately pro-Akbar) engineered the ratification of the rules with few changes. Afterwards, Akbar's team members jubilantly told us that Kalla would be disqualified; Kalla's backers, however, insisted they remained confident and could document that the Vice President had the necessary experience, thanks to a period of service on South Sulawesi's provincial board in the 1970's. (Note: Kalla's curriculum vitae in the 1999-2004 parliamentary directory listed no such experience. End Note.)

¶8. (C) As the vote drew closer, however, Akbar's team became more somber. Offering voting rights to the district level boards had given the beleaguered Chairman a new lease on life, but his close associates confided to us that he could not afford to match the incentives Kalla offered, even as he twisted associates' arms, exhorting them to raise funds. Furthermore, Kalla's team appeared undaunted by the eligibility criteria, and it became clear that a substantial number of delegates would riot in the event of the Vice President's disqualification by a verification team consisting of Akbar loyalists. (Incidentally, the rule of procedure also disqualified retired General Wiranto from contesting the chairmanship.)

¶9. (C) On the night before the chairmanship vote, Akbar's associates lobbied to break up Kalla's team, aiming particularly to secure the defection of Agung Laksono. (Agung, they noted, helped to offset Kalla's reputation as overly Islamic.) Meanwhile, Kalla courted retired General Wiranto, who had sided with Akbar. Akbar had offered Wiranto the chairmanship of Golkar's Board of Advisors, which would hold enhanced power; Wiranto also would secure seats on the Central Board for his loyalists (up to 40 percent of the Central Board's seats, according to one source). Both coalitions held up until the end, however.

#### THE VOTE

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¶10. (U) As the vote approached, on the night of December 18, facing a storm of anxious interjections from Kalla's supporters, Congress Chairman Abdul Gafur announced that the verification team had difficulty confirming Kalla's eligibility for the chairmanship. Kalla's nomination for the Vice Presidency by parties other than Golkar, along with his having been sanctioned by the Central Board prior to the presidential runoff election, called into question whether Kalla met the subjective requirements concerning dedication, loyalty, and acceptability. Ultimately, however, the verification team deferred to the delegates, who would decide the matter with their votes.

¶11. (U) Four candidates passed the verification phase: Akbar, Kalla, Golkar Vice Chairman Slamet Effendy Yusuf, and Golkar Vice Chairwoman Marwah Daud Ibrahim. The Congress proceeded to determine which candidates had the necessary backing (a minimum of 150 votes) to compete for the chairmanship. Slamet Effendy Yusuf announced prior to this stage that he would withdraw from the competition. Marwah decided to press on, however. The nomination process (by sec-ret ballot) showed Kalla in the lead, with 269 votes, while Akbar received 191. Marwah pulled in 13 votes, while two voters abstained and seven ballots were spoiled. (Two branches failed to complete the necessary processes to vote.)

¶12. (U) After the nomination phase, Akbar delivered a brief speech tracking closely with his opening remarks (para five). He also highlighted his support from Wiranto, noting that the pair provided balance as representatives of Javanese and non-Javanese ethnic groups, with one being a civilian and the other having a military background. Subtly reminding the delegates of Kalla's other responsibilities, he pledged to devote all his time to the party. Kalla delivered brief remarks, departed from the podium, but then immediately returned onstage to acknowledge his top backers, calling on (in order) media mogul Surya Paloh, DPR Speaker Agung Laksono, Sultan Hamengku Buwono X, former Minister of Justice Muladi, Economic Coordinating Minister Aburizal Bakrie, retired General Prabowo Subianto, and House of Regional Representatives (DPD) Chairman Ginandjar Kartasasmita.

¶13. (U) Around 5:30 a.m. on December 19, the final vote tally showed that the Congress elected Kalla to a five-year term as Golkar Party Chairman, 323 votes to 156. In Kalla's victory speech, the Vice President thanked Akbar Tandjung for his service to the party and pledged that Golkar would continue

to act as a counterweight to the Yudhoyono administration, consistent with a system of checks and balances, although the party would do so in an "objective" fashion.

#### VOTE-BUYING

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**¶14.** (C) According to multiple sources close to the major candidates, Kalla's team offered district boards at least 200,000,000 Rupiah (over 22,000 USD) for their votes. Provincial boards -- which had the same voting right but also could influence subordinate district boards -- received 500,000,000 Rupiah or more. According to one contact with prior experience in such matters, board officials received down payments from both sides and would expect full payment from the winner, in cash, within hours of the vote. With 243 votes required to win a majority, the Golkar Chairmanship likely cost well over six million dollars, not counting the cost of luxury hotel rooms, plane tickets, and other expenses that the candidates offered to cover. One contact claimed that Agung alone -- not the wealthiest of Kalla's backers -- had allocated (if not actually spent) 50 billion Rupiah (over 5.5 million USD) on the event. According to rumor, Economic Coordinating Minister Aburizal Bakrie spent 70 billion Rupiah (almost 8 million USD).

**¶15.** (C) Money did not represent the sole factor in the chairmanship election, however. Our contacts widely acknowledged that, besides cash, Kalla offered Golkar officials the chance to move from the uncomfortable role of opposition party to the more familiar position of supporting (and receiving support from) the administration. Many of the district and provincial board leaders have their eyes on regent and governor positions that will be up for election in 2005, and they likely hope that the Vice President, as party Chairman, can help their reelection efforts in symbolic or concrete ways that an opposition figure cannot.

#### THE NEW GOLKAR TEAM

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**¶16.** (U) In his appointments to Golkar's Central Board, Kalla stacked the Board of Advisors with his key backers. Media mogul Surya Paloh chairs the Board of Advisors. Members include Economic Coordinating Minister Aburizal Bakrie, Sultan Hamengku Buwono X, Manpower Minister Fahmi Idris, retired General Prabowo Subianto, 2004 Vice Presidential candidate Siswono Yudo Husodo, and Kalla associate Tanri Abeng (a former Minister for State Owned Enterprises implicated -- but never charged -- in the 1999 Bank Bali scandal). DPR Chairman Agung Laksono became Central Board Deputy General Chairman (a newly created position). Former Justice Minister Muladi, former Communications Minister Syamsul Muarif, DPR Commission I Chairman Theo Sambuaga, Joyokusomo (the younger brother of Sultan Hamengku Buwono X) and Agus Kartasasmita (the son of Ginandjar) are among the party's Vice Chairmen.

**¶17.** (C) Former Attorney General Marzuki Darusman, who was recently purged from Golkar along with Fahmi Idris, failed to return to the Central Board. Marzuki told us Kalla held lingering resentment against him because he (Marzuki) had served as then-President Abdurrahman Wahid's messenger when Wahid fired Kalla (from his position as Minister for Industry and Trade) in April 2000. Rival candidates for the chairmanship Slamet Effendy Yusuf and Marwah Daud Ibrahim were both excluded from the new Central Board. After the announcement of the new Board's composition, a former Golkar executive (not included in the new Board) told us many Golkar officials were disappointed with the Board's composition.

#### AKBAR'S FATE

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**¶18.** (C) Former Golkar Chairman Akbar Tandjung has lost his formal role in party affairs. While his most loyal associates were purged from the Central Board, Akbar retains strong ties to Golkar's faction in parliament, having played

a key role in constructing the party list. While it is unclear how Akbar might try to return to power in Golkar, many expect him to begin plotting with that aim in mind. One contact told us, "Even if Akbar dies, you have to wait a week to be sure he doesn't come back."

#### RAMIFICATIONS FOR MEGAWATI

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**¶19.** (C) The Congress outcome has dire ramifications for former President Megawati Soekarnoputri. As one of the co-founders of the National Coalition, Megawati worked with Akbar Tandjung to control a majority of the seats in the DPR.

Prior to the Party Congress, the National Coalition consisted of parties representing 58 percent of the DPR. While Kalla stopped short of declaring the National Coalition dead, virtually all of our contacts are certain of Golkar's defection, which would leave the National Coalition with only Megawati's Indonesian Democratic Party - Struggle (PDI-P), Abdurrahman Wahid's National Awakening Party (PKB), and two smaller parties -- all in all, 186 of the DPR's 550 legislators (just under 34 percent).

**¶20.** (C) The failure to maintain a majority in the DPR will reflect poorly on Megawati; her reported drive to destroy Yudhoyono (politically) leaves PDI-P out in the cold so long as Yudhoyono is President and Megawati chairs the party. PDI-P's Party Congress is scheduled for the end of March. While no other figure in PDI-P can match Megawati's name recognition and appeal to grassroots voters, her opponents likely sense that the new political map has made her more vulnerable than before. One PDI-P Central Board official, citing former Minister for State Owned Enterprises Laksamana Sukardi as her source, claimed that Megawati's husband, Taufik Kiemas, was hospitalized in serious condition upon hearing the news of Kalla's victory.

#### WIRANTO NEEDS NEW STRATEGY

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**¶21.** (C) The Congress has dealt another setback to third-place presidential contender Wiranto. According to former close associate Muladi, Wiranto took the unusual step of teaming up with Akbar -- who was widely recognized as having undermined Wiranto's presidential candidacy in the 2004 election -- because Wiranto saw he would more likely be able to use Golkar as his vehicle in 2009's presidential election if Akbar controlled the party, rather than Kalla. Muladi also claimed Wiranto was influenced by former Golkar Chairman Harmoko, who dislikes Kalla.

**¶22.** (C) Several of Wiranto's sidekicks were at the Congress site, including retired Generals Suaidi Marasabessy, Fachrul Rozi, and Tulus Sihombing. Tulus told us after the vote that Wiranto's path to the presidency now appeared unclear. He estimated that the team would take a month to recover from the defeat and then reexamine Wiranto's options for the 2009 election. (Note: During the Congress, we received further confirmation that Wiranto remained discredited by unpaid debts to Golkar officials -- ref A. End Note.)

#### YUDHOYONO HAS A NEW PROBLEM

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**¶23.** (C) Some representatives of political parties that backed Yudhoyono when the National Coalition held a majority publicly indicated concern that Kalla's victory would lead to an unhealthy combination of executive and legislative branch power. Indeed, the Vice President, in his capacity as Golkar Chairman, now has the authority to fire Golkar legislators (including DPR Chairman Agung Laksono) if they defy the party line. However, it is by no means clear that Golkar will back Yudhoyono's interests, should they conflict with Kalla's. At the conclusion of the Congress, one Golkar legislator close to Agung even told us he hoped the DPR would proceed with earlier plans for Yudhoyono's interpellation (ref B).

**¶24.** (C) Numerous contacts have mentioned Kalla's strong

influence during the cabinet-building process. One source recounted that Kalla had pounded on the table and threatened to resign as Vice President if Yudhoyono failed to include Aburizal Bakrie as Economic Coordinating Minister. With his new control over Golkar and the party's faction in parliament, Kalla has added to his influence over cabinet members and his strong network in the business community. Numerous contacts cautioned that Kalla would prove more powerful than Yudhoyono -- particularly given his aggressive, hard-charging personality, which contrasts with Yudhoyono's more cautious approach (but also rubs against the grain of the dominant Javanese political culture).

#### HOW YUDHOYONO DEALT WITH THE CONTENDERS

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¶25. (C) In the lead-up to the Congress, we heard credible accounts that Yudhoyono supported first Surya Paloh, then Agung Laksono for the Chairmanship (ref A). He also was said to have offered support for Kalla's candidacy, as Kalla appeared increasingly strong. Finally, we heard that Wiranto felt betrayed by Yudhoyono, because he, too, thought he had the President's backing. These accounts indicate that, while Yudhoyono wanted to see Akbar Tandjung overthrown, he also sought to avoid a firm commitment (to a potential loser) and maintain maximum flexibility.

#### COMMENT

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¶26. (C) Yudhoyono now has a Vice President must more capable of aiding his administration, or acting independently on his own agenda. Our contacts consistently distinguish between the interests of Yudhoyono and Kalla. The Vice President's winning control of Golkar represents his own further accumulation of power, which he may or may not deploy on behalf of Yudhoyono's administration. Given Kalla's blunt, no-nonsense style, we expect clear, early indications of Golkar's new orientation.

¶27. (C) Confronted with Kalla's growing influence, Yudhoyono has several options to help offset his deputy's prestige. He could strengthen his ties to Indonesia's Islamist parties, whose leaders have supported him up until this point and appear to fear being displaced by Golkar. He could hope that an ally replaces Megawati in March's PDI-P Party Congress, so that Yudhoyono can strengthen his ties to that party and expand his secular base, as Yudhoyono's Democratic Party (PD) holds only 10 percent of the DPR's seats. Finally, as a retired military officer, he could enhance the prestige of the Armed Forces, which lacks a formal role in domestic politics but nonetheless possesses substantial influence.

¶28. (C) It is quite possible, however, for Kalla to decide that he is best off throwing his and Golkar's support behind the administration, at least for now. As a businessman, he likely realizes that he, his family, and associates gain more from stability and effective governance than from political deadlock. Additionally, Kalla's ethnic background, a Bugis from South Sulawesi, is a disadvantage for him seeking the presidency in a nation still dominated to an extent by the majority Javanese. While we believe Kalla has an eye on the 2009 election and we expect him to continue building up his political base, to some degree at Yudhoyono's expense, he would benefit from projecting an image as a constructive force rather than a disloyal upstart.

PASCOE